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FM AMEMBASSY TOKYO
TO SECSTATE WASHDC PRIORITY 4168
TREASURY DEPT WASHDC PRIORITY
INFO AMEMBASSY MANILA

C O N F I D E N T I A L TOKYO 04774

TREASURY FOR HENNESEY/OASIA/IDB

MANILA FOR USADB

E.O. 12356: DECL:OADR
TAGS: [EFIN](#) [JA](#)
SUBJECT: IRAN, THE ADB, AND THE IBRD

REF: (A) STATE 69132 (B) TOKYO 3330
(C) STATE 97814

11. CONFIDENTIAL - ENTIRE TEXT.

12. FINATT CALLED ON HIROSHI TOYODA (DIRECTOR, DEVELOPMENT INSTITUTIONS DIVISION, MINISTRY OF FINANCE) TO ASCERTAIN WHETHER GOJ HAD FINALIZED ITS VIEW ON IRAN JOINING THE ASIAN DEVELOPMENT BANK.

13. TOYODA SAID THE MATTER IS CURRENTLY BEING DISCUSSED INTERNALLY WITHIN THE FOREIGN MINISTRY, BUT AS FAR AS THE FINANCE MINISTRY OF JAPAN IS CONCERNED, THEY WILL SUPPORT IRAN JOINING THE ADB. TOYODA NOTED THAT EVEN BEFORE FINATT HAD MADE EARLIER DEMARCHE (REF B), MOF HAD INFORMALLY COMMUNICATED ITS SUPPORT OF IRAN TO THE ADB. A FORMAL POSITION WON'T BE ANNOUNCED UNTIL MOFA HAS COMPLETED ITS INTERNAL DELIBERATIONS, BUT ON MATTERS OF THIS TYPE MOF TYPICALLY PREVAILS OVER MOFA UNLESS THERE ARE EXCEPTIONAL POLITICAL REASONS WEIGHING IN MOFA'S FAVOR.

14. MOF'S DECISION IS BASED ON IRAN BEING A MEMBER OF OTHER IFIS (IMF, IBRD) AND ITS INCLUSION AS A REGIONAL COUNTRY UNDER ESCAP. TOYODA SAID MOF SYMPATHIZES WITH USG ON NOT WANTING A SPONSOR OF STATE TERRORISM TO HAVE ACCESS TO IFI RESOURCES, WHICH MAY THEN ALLOW DIVERSION OF FUNDS TO TERRORIST PURPOSES. BUT GIVEN THE ESCAP DEFINITION OF REGIONAL COUNTRIES, AND IRAN'S OTHER IFI MEMBERSHIPS, MOF FEELS IT APPROPRIATE TO SUPPORT MEMBERSHIP IN THE ADB.

15. ON THE OTHER HAND, MOF WILL NOT LOBBY OTHER COUNTRIES TO SUPPORT MEMBERSHIP.

16. TOYODA SAID NONE OF THIS HAS BEEN COMMUNICATED TO THE IRANIANS.

17. WITH RESPECT TO IBRD LENDING, AND POSSIBLE FUTURE LENDING BY THE ADB IF IRAN BECOMES A MEMBER OF THAT INSTITUTION, TOYODA SAID MOF WOULD BE FLEXIBLE, AND POSSIBLY OPPOSE LOANS "A LA THE PRC" FOLLOWING THE TIANANMEN SQUARE INCIDENT AND THE G-7 AGREEMENT. HOWEVER, IF THE ECONOMIC VIABILITY OF A PROJECT IS SO OVERWHELMINGLY CONVINCING, MOF WOULD HAVE DIFFICULTY OPPOSING SUCH A LOAN FOR IRAN IN IBRD OR ELSEWHERE.

18. ON RELATED MATTERS, TOYODA CONTINUES TO ASK "WHO" ASKED US ABOUT NORTH KOREA'S OBSERVER STATUS AT THE ADB. FINATT SAID HE WOULD INQUIRE. WITH REGARD TO THE MULTILATERAL INVESTMENT FUND OF THE EAI, TOYODA NOTED THAT JAPAN'S DIET CLEARED THE WAY LAST FRIDAY (MARCH 27) FOR JAPAN TO PARTICIPATE IN THE MIF UP TO \$500 MILLION OVER 5 YEARS. MOF ASKS THE STATUS OF USG APPROPRIATIONS.

ARMACOST